

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02
CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04
CEA-01 DODE-00 PM-04 H-01 L-03 PA-01 PRS-01 /089 W
-----180550 088691 /14

R 171037Z FEB 77
FM AMEMBASSY KUWAIT
TO SECSTATE WASHDC 7326
INFO AMEMBASSY ABU DHABI
AMEMBASSY CAIRO
AMEMBASSY DOHA
AMEMBASSY JIDDA

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E.O. 11652: N/A
TAGS: PFOR, XF, KU, EG, EGEN, EFIN, EAID
SUBJECT: KUWAIT FINMIN GOING TO CAIRO: CODE DEVELOPMENTS

REF: (A) CAIRO 2659, (B) CAIRO 1236.

1. CONFIRMING INFORMATION IN REFTEL A, THE GOK HAS ANNOUNCED THAT FIN MIN ATEEQI WILL TRAVEL TO CAIRO SHORTLY. THE PURPOSE OF HIS VISIT IS REPORTED TO BE A MEETING OF ARAB FINMINS AT THE ARAB LEAGUE HEADQUARTERS, WHICH IS TO "LAY THE FOUNDATIONS FOR THE ARAB MONETARY FUND," PURSUANT TO A PREVIOUS AGREEMENT SIGNED BY A NUMBER OF LEAGUE MEMBERS AND RECENTLY RATIFIED BY THE REQUISITE NUMBER (10), INCLUDING KUWAIT (AL RAI AL AM, FEB 14). PRESS HERE REPORTS THAT THE FUND'S INITIAL CAPITALIZATION WILL BE \$750 MILLION AND THAT ITS HEADQUARTERS WILL BE IN ABU DHABI.

2. KUWAIT PRESS FEB 16 REPORTS THAT ATEEQI WENT TO RIYADH FEB 14 FOR MEETING "FOR PROMOTING THE EGYPTIAN ECONOMY". THIS HAS BEEN CONFIRMED TO AMBASSADOR BY SENIOR GOK SOURCE
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(REPORTED SEPARATELY) WHO ALSO INDICATED THAT THIS SUBJECT WOULD BE DISCUSSED DURING CAIRO VISIT. ANOTHER SOURCE, SIYASSA ECONOMIC CORRESPONDENT MUSTAFA ABU LIBDEH, TOLD EMBOFF FEB 16 THAT DURING HIS RECENT VISIT TO KUWAIT SAUDI FOREIGN MINISTER PRINCE SA'UD AL-FAISAL EXPRESSED CONCERN THAT SOMETHING BE DONE QUICKLY FOR EGYPT FOLLOWING PRICE RISE DISTURBANCES. RIYADH MEETING, ACCORDING TO LIBDEH,

IS TO DISCUSS ECONOMIC ASSISTANCE TO EGYPT PER SE, WHETHER OR NOT CHanneled THROUGH GODE.

3. QUERIED ABOUT MINISTER'S TRAVEL, ATEEQI'S OFFICE DIRECTOR, FAISAL JAAFAR, TOLD E/C SECTION CHIEF FEB 15 THAT MINISTER'S ATTENDANCE AT ARAB MONETARY FUND CONFERENCE IN CAIRO HAD BEEN SCHEDULED "MONTHS AGO" AND HAD "NOTHING TO DO WITH EGYPT". AT MENTION OF ADDITIONAL SAUDI AID TO EGYPT, JAAFAR TOOK DEFENSIVE STANCE, SAYING THAT IN PROPORTION TO ITS OIL REVENUE, KUWAIT OVER PAST FEW YEARS HAD BEEN A BETTER PROVIDER FOR EGYPT THAN SAUDI ARABIA. KUWAIT SHOULD NOT HAVE TO MATCH SAUDI INCREASES IN AID TO EGYPT. RATHER, SAUDI ARABIA SHOULD SIMPLY "CATCH UP" TO KUWAIT, JAAFAR SAID.

4. CHASE/GODE LOAN TO EGYPT: JAAFAR SAID THAT CHASE REP HAD ACCOMPANIED GODE BOARD CHAIRMAN ABD AL AZIZ DUKHAYL ON RECENT VISIT TO KUWAIT, BUT THAT ATEEQI HAD REFUSED TO SEE CHASE REP. READING FROM GOD LOAN AGREEMENT, JAAFAR SAID LOAN WAS GUARANTEED BY CENTRAL BANK OF EGYPT AND GODE. KUWAIT'S MEMBERSHIP IN GODE WAS ITS GUARANTEE, JAAFAR SAID: THERE WAS NO REASON FOR ANY ADDITIONAL GOK GUARANTEE, REQUESTING SUCH A GUARANTEE WAS SILLY. "WHAT DO THEY THINK WE AND SAUDI ARABIA ARE, MOZAMBIQUE?" IF CHASE HAD DIFFICULTY MARKETING THE LOAN WITHOUT A GOK GUARANTEE, THERE WERE BANKS OTHER THAN CHASE WHICH COULD MANAGE THE LOAN, JAAFAR SAID.

5. COMMENT: BOTH AS ATEEQI'S OFFICE DIRECTOR AND AS LIMITED OFFICIAL USE

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BOARD MEMBER OF A NUMBER OF SEMI-GOVERNMENTAL KUWAITI INSTITUTIONS ACTIVE IN EGYPT (KFTCIC, AFARCO), JAAFAR IS FAMILIAR WITH KUWAITI/EGYPTIAN ECONOMIC RELATIONS. WHILE JAAFAR TOOK TYPICALLY TOUGH STANCE, CONVERSATION WAS NOTEWORTHY IN THAT HE DID NOT ENGAGE IN USUAL DESCRIPTION OF EGYPT AS A RATHOLE, AND WENT OUT OF HIS WAY TO CRITICIZE ILL-FATED PRICE RISES AND EXPRESS SYMPATHY FOR DIFFICULT POSITION IN WHICH EGYPT FINDS ITSELF. ON GODE GUARANTEE QUESTION, BELIEVE KUWAITIS ARE BEING DIFFICULT BECAUSE THEY ARE ANNOYED AT HAVING THEIR WORD QUESTIONED, NOT BECAUSE OF RELUCTANCE TO GO THROUGH WITH LONG-DISCUSSED LOAN. AS CAIRO'S EXCELLENT SUMMARY OF ARAB ASSISTANCE TO EGYPT (REF B) INDICATES, KUWAIT IS SECOND ONLY TO SAUDI ARABIA IN LEVEL OF AID TO EGYPT OVER THE PAST FOUR YEARS. IN RELATION TO POPULATION AND OIL REVENUE, KUWAIT'S ASSISTANCE TO EGYPT IS TWICE THAT OF SAUDI ARABIA. IT IS THEREFORE NOT SUPRISING THAT KUWAITIS ARE SENSITIVE TO BEING ASKED TO "DO MORE" FOR EGYPT. KUWAITIS ARE LIKELY TO CONTINUE TO VIEW AID TO EGYPT WITH JAUNDICES, BUT AT LEAST OPEN EYES.

SUTHERLAN

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